

The complaint

Mr N, a taxi driver, complains about the decision by Wakam to avoid his commercial vehicle insurance policy.

What happened

The following is intended only as a summary of the circumstances. Additionally, whilst other parties have been involved in the process, I have largely just referred to Mr N and Wakam.

Mr N took out a taxi motor insurance policy in October 2023. The policy was underwritten by Wakam, so it is this business that is ultimately responsible for the insurance decisions taken. The statement of fact produced when Mr N took out the policy included the following question, which was answered in the negative:

“Have You or any person who may drive ever had a policy voided, a policy cancelled, a policy declined, special terms imposed or had a claim refused by an insurer?”

In May 2024, Mr N’s vehicle was involved in an accident, and a claim was reported. Wakam gathered information to validate the claim, and were provided information by a third party I will refer to as S. S said it had cancelled a previous policy for Mr N as a result of him providing incorrect information about his licence. As this cancellation had not been declared, Wakam avoided the policy on the basis that had it been declared it would not have offered Mr N the current policy.

It seems some confusion then arose, as there was a discussion about a third policy which Mr N had taken the decision to cancel. This was not the event or policy Wakam was concerned with. But during the course of communications, Wakam did inform Mr N that his policy would be reinstated and his claim dealt with.

Wakam corrected this position, informing Mr N that the voidance would remain. However, as a gesture of goodwill, Wakam met the costs that would have been covered had the claim been dealt with under the policy.

Mr N complained about the decision to avoid the policy. He has said that he has contacted the previous insurer/broker and has been informed that there is no record of a cancelled policy. So, he considers this information to have been fabricated. Mr N is unhappy that the situation is impacting his ability to obtain insurance going forward.

Mr N referred his complaint to the Financial Ombudsman Service. However, our Investigator did not recommend that it should be upheld. She thought that Wakam was entitled to rely on the information provided by S and that Mr N had not provided sufficient evidence that this information was incorrect. She thought Wakam’s decision to avoid the policy was in line with its underwriting criteria.

Our Investigator also thought that Wakam had acted fairly and reasonably by covering the cost of Mr N’s claim, even though the policy was avoided. This was done due to the incorrect information Mr N had been given during the claims process, and was an appropriate gesture

of goodwill.

Mr N remained unsatisfied. He provided a recording of a call with a broker, which I will refer to as B, and one with a representative of a policy I will refer to as G. The agents from these companies confirmed that they could not identify a record of Mr N having previously had a policy. However, our Investigator was not minded to change her opinion on the complaint.

As our Investigator was unable to resolve the complaint, it has been passed to me for a decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I am not upholding Mr N's complaint. I'll explain why.

Firstly, I'll just repeat that the above is only a summary of the events and arguments. Both parties have provided detailed submissions that I have considered in full. However, I have not commented on each point made within this decision. Instead, I have focused on what I consider to be the key issues. This is not intended as a discourtesy, but rather reflects the informal nature of the Financial Ombudsman.

The first key issue in this case is whether or not Wakam was entitled to rely on the information it received from S.

On receiving the claim, Wakam carried out a search of the relevant national database. This showed a match for Mr N for a policy where an issue had been recorded by S. The details on the database are an exact match for Mr N. This includes information such as his date of birth, postal and email address, and phone number. The information relates to a policy taken out in late 2022. This does seemingly relate to a different vehicle than the one Mr N had insured through Wakam, but this does not alter the fact that the entry is in reference to Mr N. The database showed that there was an inconsistency relating to the driving licence information that had been provided. Wakam contacted S for further information.

It is useful at this point to say that S is a broker. Many brokers and agents can be involved in setting up a policy. Brokers will often work with a number of different insurers, and sub-brokers may also be involved. The information provided by S indicates that it made the decision to cancel the previous policy, suggesting that it had some delegated authority from the relevant insurer. However, the details of the insurer have not been provided.

Regardless, the information Wakam then received from S confirmed that it had a record of Mr N having taken out a policy. And that S had then cancelled this policy due to issues over information that had been given for length of time Mr N had held his licence. S said it had "exercised the right to cancel" the policy. And that this was communicated to Mr N by email, letter via post, and text.

I do appreciate Mr N's comments that he did not hold a policy that had been cancelled by S. And, I have listened to the recordings of conversations Mr N has had with other parties. I note that he has been told there is no record of a previous policy that the agent could see. But I am not persuaded this means the information provided by S is incorrect. The information provided to Wakam by S is detailed and explicit that S cancelled a policy taken out using Mr N's details. And that confirmation of this was provided to Mr N. Given this, I consider it was fair and reasonable for Wakam to act on this information.

When taking out the policy with Wakam, Mr N needed to comply with the duty of fair presentation set out in the Insurance Act 2015. This, essentially, requires a customer to disclose all relevant information to the insurer. And for such disclosures to be materially correct. Mr N did not advise Wakam of the previous cancellation, even though he was asked a question about this. So, I consider he was in breach of this condition.

The Act goes on to set out that an insurer may avoid a policy where there has been such a breach, if the insurer would not have offered the policy had there been no breach. Wakam has provided details of its underwriting criteria. As our Investigator has explained, this information is commercially sensitive. So, I do not consider it is appropriate to disclose this to Mr N. However, having reviewed the evidence I am satisfied that, had Wakam been aware that a previous policy had been recorded as being cancelled, it would not have offered Mr N the policy in question. It follows that I consider Wakam was entitled to avoid Mr N's policy.

Wakam did cover the cost of the claim even though the policy was avoided. This was not done under the terms of the policy though. And was instead a gesture of goodwill given the issues that arose in communications during the claim process. Mr N has seemingly had a benefit here that he might otherwise not have been entitled to.

Wakam ought to record the situation correctly on the relevant databases. Technically, this should show that the policy was avoided, that no claim was dealt with under the policy, and that Mr N did not accrue a "no claims bonus" from the policy – as there was no policy that existed for this to accrue under. It isn't clear that this is exactly what has been recorded. And Wakam may have recorded there having been a claim that was settled.

However, whilst this ought to be corrected, I do not consider this to have caused a detriment to Mr N at this point. Mr N will need to declare the fact that he has had a policy avoided going forward. And it is most likely this that has impacted any issues he has experienced with obtaining new cover.

I appreciate this is not the outcome Mr N was hoping for. But taking into account the circumstances of this complaint, I am persuaded that Wakam acted fairly and reasonably.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 28 November 2025.

Sam Thomas
Ombudsman